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August 20, 2007

Arizona Corporation Commission
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AUG 20 2007

Michael W. Patton
Roshka, DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004

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RE: Double Diamond Utilities, Inc. - Application for Certificates of Convenience and Necessity (CC&N) Docket No. **WS-20543A-07-0435**

Dear Mr. Patton:

In reference to the above-mentioned application filed on July 23, 2007, this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C"). The deficiencies are:

1. Balance Sheets - For the water and wastewater divisions, please provide a projected balance sheet for each of the five years of operations.
2. Customer Deposits to be Included on Balance Sheets - On Schedules DDW-8, "Service Charges" and DDWW-8 "Other Rates and Charges", you propose customer deposits to be paid in accordance to A.A.C. R-14-2-403(B) and A.A.C. R-14-2-406(B). Please show as a line item on your projected balance sheets referenced in number "1" above, the projections of customer deposits by year for each of the five years of operation.
3. Customer Deposits to be Included in Rate Base - On Schedules DDW-8, "Service Charges" and DDWW-8 "Other Rates and Charges", you propose customer deposits to be paid in accordance to A.A.C. R-14-2-403(B) and A.A.C. R-14-2-406(B). Please show as a line item deduction on your projected rate base schedules, the projected customer deposits by year for each of the five years of operation.
4. Approval to Construct - Please provide a copy of the Arizona Department of Environmental Quality's Approval to Construct ("ATC") the water facilities to serve the proposed CC&N area. If the ATC has not been issued, please inform Staff of the status of the application for the ATC.

Michael W. Patton
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Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0818, Crystal Brown at 602-542-0864, or Marlin Scott at 602-542-7272.

Sincerely,

A handwritten signature in cursive script, appearing to read "Vicki Wallace".

Vicki Wallace
Chief, Consumer Services & Special Projects

Cc: Docket Control
Del Smith
Marlin Scott
Crystal Brown
Lyn Farmer
Kathy Tackett-Hicks, Double Diamond Utilities